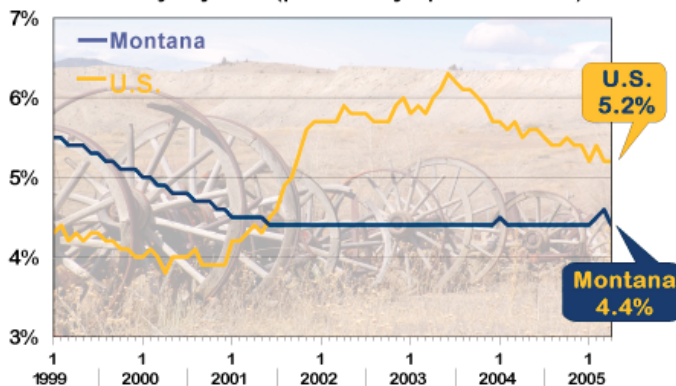


MONTANA Economy at a Glance

Editor: Robert C. Marvin

Unemployment

Seasonally adjusted (preliminary April 2005 data)



Montana's seasonally-adjusted unemployment rate dropped slightly to 4.4% in April 2005 from 4.6% in March 2005. The U.S. rate remained steady at 5.2% in April 2005.

County Fliers Updates

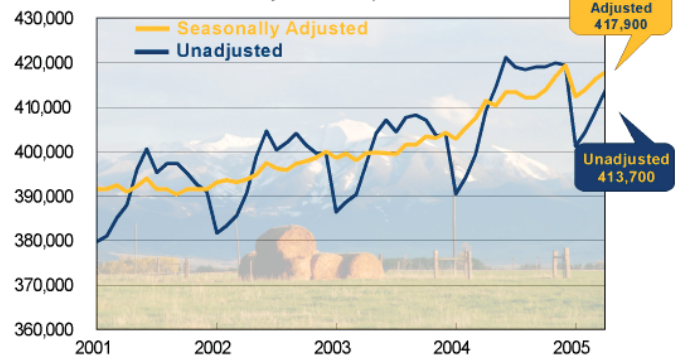
The Research and Analysis Bureau has just released county fliers for Yellowstone, Missoula, and Glacier Counties. The county fliers provide information on the local labor force, population by age, race, and gender, employment by industry, per capita personal income, number of farms and ranches by category, and more.

Our other recently updated fliers include Beaverhead, Big Horn, Carbon, Cascade, Madison, Richland, Roosevelt, Rosebud, Stillwater, and Valley Counties. A Montana statewide flier is also available. Fliers for Gallatin, Flathead, and Lewis & Clark Counties will be released within the next few weeks.

You can download these fliers from our website at www.ourfactsyourfuture.org. Simply click on "State & County Fliers," on the left sidebar menu. This will bring up a list of updated fliers, as well as location quotients for selected counties. To request hard copies of the fliers, free of charge, contact Rob Marvin at rmmarvin@mt.gov. If you need information on a county that has not yet had its flier updated, please contact the Research and Analysis Bureau at (800) 541-3904.

Nonfarm Employment Series

January 2001 - April 2005



Montana's seasonally-adjusted nonagricultural payroll employment was up 1,600 jobs (0.4%) over-the-month for April 2005. The largest gains were in Leisure and Hospitality, which was up by 600 jobs (1.1%); Construction, up 300 jobs (1.1%); Professional and Business Services, up 300 jobs (0.9%); and Education and Health Services, also up 300 jobs (0.6%).

Due to delays in the benchmarking process, unemployment rates for Montana's counties and Metro- and Micropolitan Statistical Areas are temporarily unavailable for April 2005. We will post the April rates on our website as soon as they are available. We apologize for the delay.

Employment by Industry

Over-the-year change - Not seasonally adjusted

Industry Employment (in thousands)	April 2005	April 2004	Net Change	Percent Change
Total Non-Agricultural	413.7	409.0	4.7	1.1%
Natural Resources & Mining	7.7	6.8	0.9	13.2%
Construction	25.3	24.4	0.9	3.7%
Manufacturing	19.0	18.8	0.2	1.1%
Trade, Transportation, Utilities	85.5	85.5	0.0	0.0%
Information	7.9	7.7	0.2	2.6%
Financial Activities	21.3	20.8	0.5	2.4%
Professional & Business Services	33.7	33.2	0.5	1.5%
Education & Health Services	54.9	54.5	0.4	0.7%
Leisure & Hospitality	54.1	52.0	2.1	4.0%
Other Services	17.0	16.7	0.3	1.8%
Total Government	87.3	87.5	-1.3	-1.5%

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April 2005

Montana Economy at a Glance

Montana's Skilled Construction Workforce: A Cause for Concern?

By Brad Eldredge, Economist

No matter how one feels about recent population growth in Montana, it has been undeniably good for the state's construction industry. For the past several years, construction has been one of Montana's fastest-growing industries, consistently outpacing the state's overall employment growth. With a projected average of 805 construction job openings per year through 2012, this growth is not expected to end anytime soon.

Fig. 1 Over-the-year employment growth
Total Non-Ag vs. Construction

	Total Non-Ag Employment	Construction
Mar 2005	2.2%	9.5%
Feb 2005	2.1%	8.5%
Jan 2005	2.4%	8.2%
Dec 2004	3.7%	11.7%
Nov 2004	3.4%	11.3%
Oct 2004	2.6%	5.5%
Sep 2004	2.6%	6.8%
Aug 2004	2.6%	7.8%
Jul 2004	3.5%	8.2%
Jun 2004	3.4%	5.6%
May 2004	2.6%	4.3%
Apr 2004	2.9%	8.2%

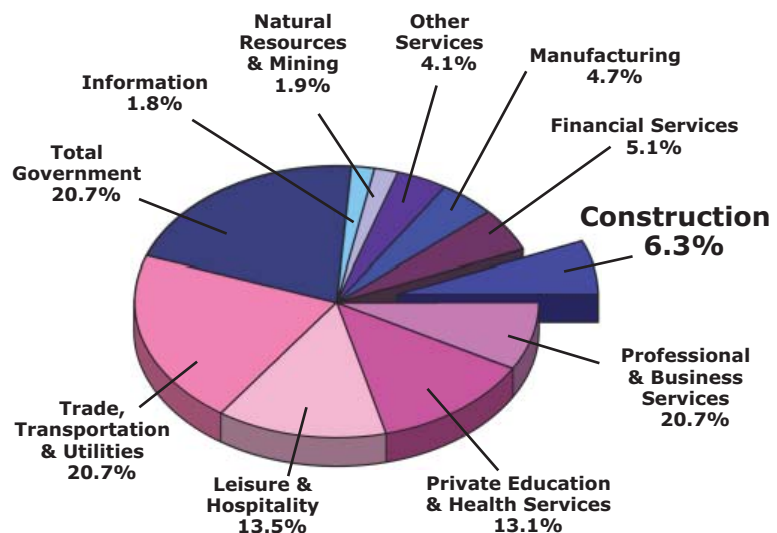
For the past year, growth in Montana's construction industry has outpaced its total employment growth every month, often by a wide margin.

While such growth in an industry with relatively good wages seems to point to a sunny future for the state's economy, one key factor in the health of any economy is whether or not a suitable pool of skilled workers exists for growing industries. This article will address the concern that Montana's supply of skilled construction workers may not be able to keep up with demand, and suggest a potential source for future skilled laborers. But first, let us examine Montana's labor force, and construction's place in it.

Montana has both a small population, estimated at 926,865 in 2004, and a small labor force¹. In March 2005, Montana's seasonally adjusted labor force (those of working age who are either employed or are

unemployed and actively seeking employment) numbered only 490,294². The most prominent employment sectors include: trade, transportation and utilities (20.7 percent), total government (20.7 percent), leisure and hospitality (13.5 percent), private education and health services (13.1 percent), professional and business services (8.1 percent), and construction (6.3 percent)³. Overall, the service-providing industries account for 87 percent of the state's nonfarm wage and salary employment. Construction is the largest goods-producing industry in terms of employment. Manufacturing (4.7 percent) is a much smaller employer in Montana than in other parts of the country.

Fig. 2 Montana's Employment by Industry



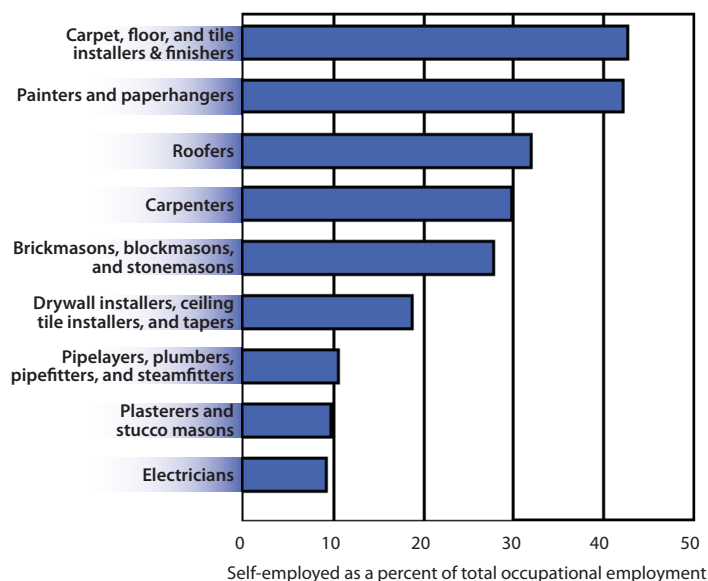
Both the state and federal governments have committed substantial funds toward vocational training in order to continue to improve the quality of Montana's workforce. For example, the state is receiving over \$2.6 million in Workforce Investment Act funds from the federal government for program year 2005, and Montana's apprenticeship and training program has a budget of \$242,000 and administers an additional \$140,000 from the general fund^{4,5}. Despite these investments, there is a growing concern about labor availability in the skilled-construction trades.

Most of the skilled blue-collar workers important to the construction industry fall in the category "precision production, craft, and repair occupations" in the Census Bureau's occupational classification system. In 2002, 12 percent of Montana's civilian labor force had an occupation in this category, compared with 11 percent in the United States as a whole⁶. Concern has been expressed about an

impending shortage of these skilled workers. A recent article in the *Fedgazette* pointed out “states regularly project future employment levels, and projected demand for many skilled trade occupations...is expected to far outstrip supply.” Commenting on the situation in Montana, the article continued “through 2012, Montana expects to have more than 125 annual openings for electricians and 90 for plumbing-type occupations.... Annual apprenticeship completions, on the other hand, have been running about half that level over the last six years.”⁷

A study by Arhani et al. (2003) postulates that the relatively decentralized nature of the construction industry works against its ability to organize formal training, thus contributing to the shortage of skilled workers⁸. High levels of self-employment and a large number of small firms do, in fact, characterize Montana’s construction industry. Sixty one percent of the workforce is employed in establishments of fewer than 20 people⁹. In 2002, 10 percent of the overall Montana workforce was self-employed⁶. While no state level data on self-employment in the construction industry exists, the national data in Figure 3 suggests that self-employment in construction is probably much higher. “Carpet, floor, and tile installers and finishers,” “painters and paperhangers” and “roofers” have especially high rates of self-employment.

Fig. 3 Percentage of self-employed workers in construction occupations



Source: *Career Guide to Industries Bureau of Labor Statistics*

There are several possible effects a shortage of skilled workers could have. At least in the short-run, wages would have to increase in order to attract more workers into the industry. These new workers could come from other industries within the state or could be existing construction workers from out of state, or even out of the country (a large portion of the construction workforce in the Southwest is Latino).

Another possible consequence would be that construction projects would take longer to complete. This would occur if construction companies (or their clients) are not willing to pay a high enough wage to attract the same number of workers into the industry as existed in the past. They would essentially be choosing to pay with time (delays) rather than with money (higher wages).

There is also some concern from within the construction industry that the lack of skilled workers could lead to construction quality and safety issues, because unskilled or less-skilled workers might be used to perform tasks for which they are not qualified.

If a shortage of skilled construction workers is indeed on the horizon, what can be done to mitigate the negative effects? One option would be to actively recruit from one of the state’s largely untapped resources for construction labor: the female workforce. In Montana, the female labor force participation rate is 61 percent and the male rate is 71 percent; 21 percent of the labor force is employed part time, and 30 percent of the female workforce works part-time compared with 13 percent of males⁶. The wider labor market integration of women is not apparent in the construction industry. In 2002, 8.8 percent of Montana’s construction workforce was female⁶. The integration of women is a bit better in the precision production, craft, and repair occupations (9.6 percent), but for the most part, the construction industry and its core occupations remain traditionally male⁶. A successful effort by the industry to attract women into their workforce could help alleviate the potential future shortage of skilled workers.

Another option would be for construction firms to increase the skill sets of existing workers. Known as multitasking, construction companies would teach their framers to drywall and do plumbing, for example. This would allow fewer workers to complete the same project.

(continued on back page)

Montana's Skilled Construction Workforce (continued)

These multiskilled workers would demand higher wages, however.

A third solution is simply to increase public awareness that skilled construction workers are, and will be, in increasingly high demand. Efforts might be made to recruit both high school students contemplating their future career paths and workers in minimum wage jobs seeking to improve their situations. The knowledge that job opportunities will be available may be the motivation they need to enroll in training and apprenticeship programs.

To learn more about occupations within the construction industry, visit our website at ourfactsyourfuture.org. Our "Occupation Explorer" feature (located under the "Labor Market Info" tab) provides information on wages, average annual openings, current and projected employment, training programs available, skills needed, tasks performed, and job openings listed in America's Job Bank. For complete job descriptions, scholarship opportunities, construction related articles and videos, and a wealth of other resources for students, teachers, and parents, use our link to constructmyfuture.com. To get there, click the "Career Resources Network" tab at the top of the screen. The link appears under the "Links to Career Resource Sites" heading.

1. U.S. Census Bureau estimate.
2. Bureau of Labor Statistics, Local Area Unemployment Statistics program. March 2005 preliminary seasonally adjusted estimate.
3. Bureau of Labor Statistics, Current Employment Statistics program. March 2005 preliminary seasonally adjusted estimates.
4. Federal Register vol. 70 n. 57, pg. 15509
5. The Montana Apprenticeship and Training Program Homepage. <http://wsd.dli.mt.gov/apprenticeship/apprentice.asp>
6. Geographic Profile of Employment and Unemployment, 2002 Bureau of Labor Statistics, Washington D.C.
7. Wirtz RA (2005) "The hard hat blues" Fedgazette vol. 17 n. 1 pg. 6-8.
8. Arhani S, Clark L, and Michielsens E (2003) "The state of construction labor and employment in the local economy of Jersey" Local Economy vol. 18, n. 3, pg. 196-207.
9. County Business Patterns 2002 U.S. Census Bureau

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